



BANK OF ENGLAND

News release

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Bank of England/NOP Inflation Attitudes Survey

This news release describes the main results of the Bank of England's latest quarterly survey of public attitudes to inflation, undertaken in November 2005.

Highlights from the survey

Question 1: Asked to give the current rate of inflation, respondents gave a median answer of 2.3%, compared with 2.4% in the August survey and 2.0% in the May survey.

Question 2: Median expectations of the rate of inflation over the coming year were 2.2%, the same as August, and compared with 2.0% in the May survey.

Question 3: By a margin of 53% to 8%, survey respondents believed that the economy would end up weaker rather than stronger if prices started to rise faster. 53% was the highest proportion that believed the economy would be weaker since February 2003. The margin in August was 49% to 9%. The proportion of respondents that thought it would 'make little difference' to the economy if prices started to rise faster was 25%, similar to the result in August.

Question 4: 57% of respondents thought the inflation target was 'about right', while the proportions saying the target was 'too high' or 'too low' were 20% and 10% respectively. There has been little variation in these proportions over the past few years.

Question 5: 39% of respondents said that interest rates had risen over the past 12 months, compared with 37% in August. Some 16% of respondents thought interest rates had fallen, compared with 23% in the August survey. 26% of respondents thought rates had stayed about the same, the highest level since November 2000, and compared with 21% in August.

Question 6: When asked about the future path of interest rates, 46% expected rates to rise in the next 12 months, compared with 34% in August and 52% in May. 27% of respondents expected rates to stay 'about

the same' compared with 28% in August, while 11% thought interest rates might fall in the next twelve months, compared with 18% in the August survey.

Question 7: Asked what would be 'best for the economy' – higher interest rates, lower rates or no change – 12% thought rates should 'go up', compared with 10% in August. 26% of respondents thought interest rates should 'go down', compared with 29% in August, while 39% thought interest rates should 'stay where they are', compared with 34% in August.

Question 8: When asked what would be 'best for you personally', 19% said interest rates should 'go up', the same proportion as in August. 38% of respondents said it would be better for them if interest rates were to 'go down', compared with 37% in August.

Questions 9-13 are asked once a year in February. *

Question 14: Respondents were asked to assess the way the Bank of England is 'doing its job to set interest rates to control inflation'. The net satisfaction index – the proportion satisfied minus the proportion dissatisfied – was 53%, the highest rate since February 2002, and compared with 48% in August. 7% of respondents said they were dissatisfied with the Bank, which was the lowest response recorded since the survey started.

Notes to Editors

*Although the main survey is conducted quarterly, the February survey each year includes five extra questions, the answers to which have been shown to change slowly over time, and has double the sample size of the other surveys. An article in the summer 2005 Quarterly Bulletin examined the trends seen in the five surveys up to and including February 2005, and included the responses to the five annual questions.

In the November 2005 survey, NOP interviewed a quota sample of 2,132 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 17 and 22 November. The raw data were weighted to match the demographic profile of Great Britain as a whole.

Key Resources

Summary Table of Results - November 2005

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/statistics/nop/inflationattitudesnov05.xls>

Public Attitudes to Inflation - Quarterly Bulletin Article, Summer 2005

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/quarterlybulletin/qb050207.pdf>

